

HOUSE BILL 3873  
By Turner M

AN ACT to amend Tennessee Code Annotated, Title 67,  
relative to taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-102(a), is amended by adding the following language as new, appropriately designated subdivisions:

( ) "Drug" means a compound, substance or preparation, and any component of a compound, substance or preparation, other than food and food ingredients, dietary supplements or alcoholic beverages:

(A) Recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;

(B) Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or

(C) Intended to affect the structure or any function of the body;

( ) (A) "Over-the-counter-drug" means a drug that contains a label that identifies the product as a drug by 21 C.F.R. §201.66. The "over-the-counter-drug" label includes:

(i) A "drug facts" panel; or

(ii) A statement of the "active ingredients" with a list of those ingredients contained in the compound, substance or preparation.

(B) Over-the-counter-drug does not include grooming and hygiene products.

SECTION 2. Tennessee Code Annotated, Section 67-6-202(a), is amended by deleting the language "The tax shall be levied at the rate of seven percent (7%)." and by substituting instead the language "The tax shall be levied at the rate of seven percent (7%); provided, that

the tax on over-the-counter drugs shall be levied at the rate of three and one-half percent (3.5%)."

SECTION 3. Tennessee Code Annotated, Section 67-8-314, is amended by deleting the following language:

CLASS A

If net taxable estate is:	The tax is:
Not over \$40,000	5.5% of the net taxable estate.
Over \$40,000 but not over \$240,000	\$2,200, plus 6.5% of the excess over \$40,000.
Over \$240,000 but not over \$440,000	\$15,200, plus 7.5% of the excess over \$240,000.
Over \$440,000	\$30,200, plus 9.5% of the excess over \$440,000.

and by deleting the following language:

(4) In the case of a decedent dying after 1988:

If net taxable estate is:	The tax is:
Not over \$40,000	5.5% of the net taxable estate.
Over \$40,000 but not over \$240,000	\$2,200, plus 6.5% of the excess over \$40,000.
Over \$240,000 but not over \$440,000	\$15,200, plus 7.5% of the excess over \$240,000.
Over \$440,000	\$30,200, plus 9.5% of the excess over \$440,000.

and by substituting instead the following language where appropriate:

CLASS A

If net taxable estate is:	The tax is:
Not over \$250,000	6.5% of the net taxable estate.
Over \$250,000 but not over \$500,000	\$16,250, plus 8% of the excess over \$250,000.
Over \$500,000 but not over \$1,000,000	\$36,250, plus 10% of the excess over \$500,000.
Over \$1,000,000 but not over \$2,500,000	\$86,250, plus 13% of the excess over \$1,000,000.
Over \$2,500,000 but not over \$4,000,000	\$281,250, plus 15% of the excess over \$2,500,000
Over \$4,000,000	\$506,250, plus 16% of the excess over \$4,000,000

and:

(4) In the case of a decedent dying after 1988:

If net taxable estate is:	The tax is:
Not over \$250,000	6.5% of the net taxable estate.
Over \$250,000 but not over \$500,000	\$16,250, plus 8% of the excess over \$250,000.
Over \$500,000 but not over \$1,000,000	\$36,250, plus 10% of the excess over \$500,000.
Over \$1,000,000 but not over \$2,500,000	\$86,250, plus 13% of the excess over \$1,000,000.
Over \$2,500,000 but not over \$4,000,000	\$281,250, plus 15% of the excess over \$2,500,000
Over \$4,000,000	\$506,250, plus 16% of the

excess over \$4,000,000

SECTION 4. This act shall take effect July 1, 2006, the public welfare requiring it.